

DRS ADVISORY COMMITTEE

QUARTER ENDING SEPTEMBER 30, 2022

Phil Paroian
Senior Investment Officer, Public Equity



OVERVIEW

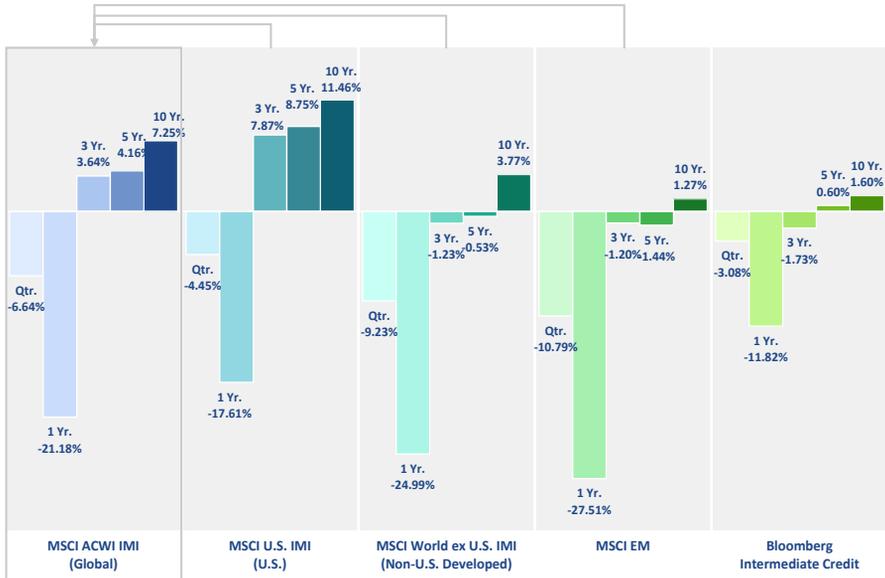


- Market Environment
- Plan Market Values
- Plan Performance Discussion



MARKET ENVIRONMENT

MARKET ENVIRONMENT
SEPTEMBER 30, 2022



ISSUES TO CONSIDER FOR 2023: CONTINUED VOLATILITY AHEAD!

Inflation

- Has headline inflation peaked? (It currently is well above the 2 percent target)
- Core inflation remains elevated

“Soft Landing”?

- Will there be a recession?
- Length and severity of the slowdown is uncertain

Fed Pivot

- Can Fed time their pivot perfectly? (neither too soon nor too late)
- Easing too early could entrench price-wage spiral and rattle investor confidence

Commodities Market and Energy Security

- Structural shortage due to under-investment
- High prices of commodities could persist

Global Fragmentation and Geopolitical Tensions

- Hot war
- Cold war
- Trade war

Pivot not from Central Banks, but Governments?

- Fiscal spending may come in the form of tax cuts, subsidies, and price controls

Civil Unrest

- Protests spurred by food and energy shortages could spread to more countries

Strong Dollar

- May reduce investments away from Rest of World (ROW)
- Export inflation and higher rates

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POTENTIAL IMPACTS OF A STRONG US DOLLAR

May reduce investments away from ROW, especially from emerging markets

- Significant negative impact for U.S dollar-based investors who invest internationally

Export inflation and higher rates to ROW

- Paying for critical goods like food and energy becomes increasingly difficult for ROW
- Other central banks may raise interest rates in part to bolster their currencies

Harder to service U.S. dollar-denominated debt issued by international borrowers

- Financial and debt crisis could challenge vulnerable countries



Source: Bloomberg, 12/31/2020 = 100

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PLAN MARKET VALUES

TEACHERS' RETIREMENT SYSTEM PLAN 3 SEPTEMBER 30, 2022

	% of Assets	Option	Market Value	Quarterly Change
	66.84%	WSIB TAP	\$7,918,252,498	(\$274,624,847)
	0.77%	Socially Responsible Balanced	91,089,262	(8,130,961)
16.92%	0.25%	Retirement Maturity Strategy	30,167,657	(4,054,434)
	0.40%	Retirement Strategy 2010	47,826,113	(3,570,251)
	0.79%	Retirement Strategy 2015	93,607,291	(9,493,245)
	1.83%	Retirement Strategy 2020	216,220,175	(43,638,340)
	3.28%	Retirement Strategy 2025	389,119,101	(45,130,058)
	3.21%	Retirement Strategy 2030	380,257,300	(20,961,892)
	2.62%	Retirement Strategy 2035	309,839,533	(10,886,821)
	1.70%	Retirement Strategy 2040	201,848,105	(7,347,750)
	1.08%	Retirement Strategy 2045	127,634,836	(3,157,863)
	0.81%	Retirement Strategy 2050	95,724,114	(2,468,264)
	0.67%	Retirement Strategy 2055	79,848,112	(1,751,269)
	0.24%	Retirement Strategy 2060	28,804,044	240,461
	0.03%	Retirement Strategy 2065	3,524,077	(74,907)
	7.51%	U.S. Large Stock	890,045,281	(68,054,662)
	1.39%	U.S. Small Value Stock	165,195,409	(11,490,741)
	1.16%	Global Equity	137,994,549	(14,169,624)
	0.40%	Emerging Markets Equity	46,919,176	(6,767,252)
	2.24%	WSIB Bond Market	264,824,985	(20,347,015)
	2.77%	STIF	327,819,024	(5,356,984)
		Total	\$11,846,560,641	(\$561,236,720)

SCHOOL EMPLOYEES' RETIREMENT SYSTEM PLAN 3

SEPTEMBER 30, 2022

	% of Assets	Option	Market Value	Quarterly Change
	76.60%	WSIB TAP	\$2,023,568,889	(\$80,224,172)
	0.47%	Socially Responsible Balanced	12,383,015	(923,483)
14.31%	0.21%	Retirement Maturity Strategy	5,621,055	(629,157)
	0.48%	Retirement Strategy 2010	12,625,411	(586,159)
	0.89%	Retirement Strategy 2015	23,445,474	(1,365,037)
	1.82%	Retirement Strategy 2020	48,051,033	(4,622,258)
	2.90%	Retirement Strategy 2025	76,528,107	(5,420,163)
	1.82%	Retirement Strategy 2030	48,000,468	(1,902,237)
	1.73%	Retirement Strategy 2035	45,778,547	(1,447,596)
	1.24%	Retirement Strategy 2040	32,696,528	(600,016)
	1.03%	Retirement Strategy 2045	27,180,181	(570,937)
	0.86%	Retirement Strategy 2050	22,773,172	(606,156)
	0.83%	Retirement Strategy 2055	22,040,599	(676,968)
	0.43%	Retirement Strategy 2060	11,374,391	(220,414)
	0.07%	Retirement Strategy 2065	1,865,440	(155,837)
	3.31%	U.S. Large Stock	87,559,664	(5,731,916)
0.69%	U.S. Small Value Stock	18,258,156	(1,638,060)	
0.48%	Global Equity	12,595,483	(1,277,918)	
0.17%	Emerging Markets Equity	4,452,940	(684,256)	
0.98%	WSIB Bond Market	26,020,650	(2,859,553)	
2.99%	STIF	79,017,929	584,613	
	Total	\$2,641,837,133	(\$111,557,678)	

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PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 3

SEPTEMBER 30, 2022

	% of Assets	Option	Market Value	Quarterly Change
	63.61%	WSIB TAP	\$2,717,163,098	(\$93,376,941)
	0.97%	Socially Responsible Balanced	41,463,523	(2,314,371)
20.53%	0.29%	Retirement Maturity Strategy	12,263,943	(1,861,023)
	0.50%	Retirement Strategy 2010	21,398,623	(873,048)
	0.81%	Retirement Strategy 2015	34,576,703	(2,734,753)
	1.70%	Retirement Strategy 2020	72,802,315	(6,970,267)
	3.36%	Retirement Strategy 2025	143,450,399	(12,631,936)
	2.98%	Retirement Strategy 2030	127,311,544	(5,273,789)
	2.81%	Retirement Strategy 2035	120,100,667	(3,992,633)
	2.10%	Retirement Strategy 2040	89,542,741	(2,207,188)
	1.98%	Retirement Strategy 2045	84,543,830	(2,880,025)
	1.79%	Retirement Strategy 2050	76,498,222	(1,705,191)
	1.49%	Retirement Strategy 2055	63,854,978	(1,604,766)
	0.64%	Retirement Strategy 2060	27,241,114	(219,003)
	0.08%	Retirement Strategy 2065	3,518,090	245,351
	6.18%	U.S. Large Stock	264,103,152	(13,936,494)
1.72%	U.S. Small Value Stock	73,580,376	(5,556,590)	
1.15%	Global Equity	48,960,863	(3,147,496)	
0.41%	Emerging Markets Equity	17,364,727	(2,573,215)	
1.43%	WSIB Bond Market	61,271,672	(2,242,957)	
4.00%	STIF	170,818,879	8,523,924	
	Total	\$4,271,829,456	(\$157,332,415)	

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DEFERRED COMPENSATION FUND
SEPTEMBER 30, 2022

	% of Assets	Option	Market Value	Quarterly Change
	3.37%	Socially Responsible Balanced	\$181,351,781	(\$11,487,181)
	1.24%	Retirement Maturity Strategy	66,754,955	(3,288,037)
	1.63%	Retirement Strategy 2010	87,623,160	(4,367,081)
	4.13%	Retirement Strategy 2015	222,176,825	(13,696,521)
	7.71%	Retirement Strategy 2020	414,791,004	(30,034,426)
	10.74%	Retirement Strategy 2025	577,951,124	(30,024,793)
	8.79%	Retirement Strategy 2030	472,954,757	(16,049,486)
	6.63%	Retirement Strategy 2035	356,983,213	(8,561,124)
	4.33%	Retirement Strategy 2040	232,860,079	(4,476,283)
	3.08%	Retirement Strategy 2045	165,903,492	(3,105,215)
	1.85%	Retirement Strategy 2050	99,778,544	21,773
	1.24%	Retirement Strategy 2055	66,498,905	597,262
	0.75%	Retirement Strategy 2060	40,427,399	1,314,622
	0.22%	Retirement Strategy 2065	11,838,682	548,075
52.34%	12.55%	U.S. Large Stock	675,402,196	(31,532,939)
	4.51%	U.S. Small Value Stock	242,629,988	(11,967,470)
	3.26%	Global Equity	175,650,194	(13,006,394)
	1.15%	Emerging Markets Equity	61,840,562	(7,818,847)
	4.24%	WSIB Bond Market	227,903,331	(10,235,062)
	18.58%	WSIB Savings Pool	999,583,673	3,611,551
		Total	\$5,380,903,865	(\$193,557,575)

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PLAN MARKET DISCUSSION



EQUITY AND CASH FUNDS – QUARTER, 1, 3, AND 5 YEAR RETURNS SEPTEMBER 30, 2022

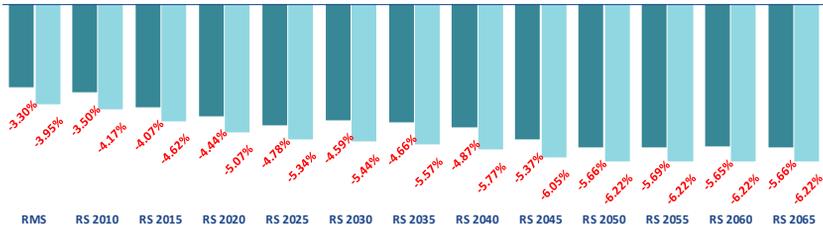


BALANCED AND BOND FUNDS – QUARTER, 1, 3, AND 5 YEAR RETURNS SEPTEMBER 30, 2022

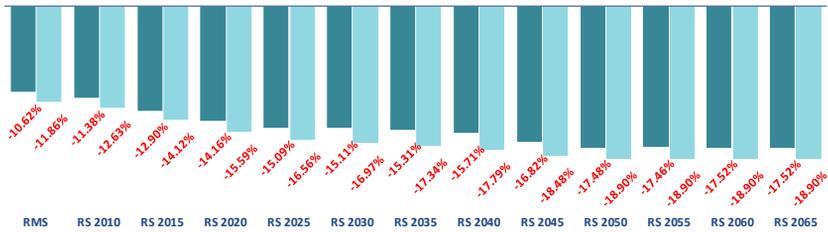


RETIREMENT STRATEGY FUNDS – QUARTER AND 1 YEAR RETURNS
SEPTEMBER 30, 2022

Quarter



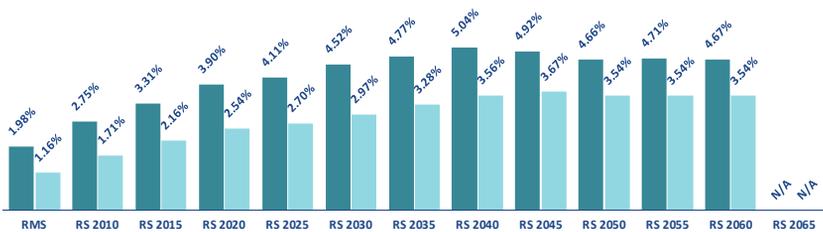
1 Year



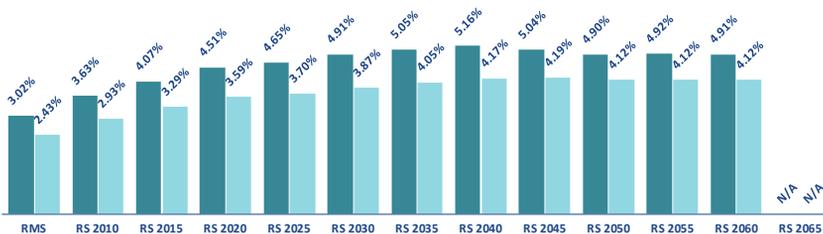
Fund Benchmark

RETIREMENT STRATEGY FUNDS – 3 AND 5 YEAR RETURNS
SEPTEMBER 30, 2022

3 Year



5 Year



Fund Benchmark